

# boardinsight:

## **Lord Davies publishes final report and recommends next steps on gender diversity**

Significant progress has been made in increasing the number of women on listed company boards since the Davies review was launched in 2011. Lord Davies has now published his final report which describes the progress made and sets out recommendations for action over the next 5 years.

Since the initial Davies report in 2011 the number of women on FTSE 350 boards has grown month by month and there have been 550 female board appointments in the last 4 years. 26.1% of directors of FTSE 100 companies are now female (12.5% in 2011). In 2011 there were 152 all-male boards in the FTSE 350. There are now 15 – all in the FTSE 250.

### ***Winning hearts and minds***

Lord Davies puts the success of the initiative down to setting achievable targets and establishing a voluntary business-led approach involving all key stakeholders. Lack of gender diversity was addressed as a key business issue, rather than, in his view, a narrower equalities issue, and the business case for change was strongly championed. Lord Davies says that few British business leaders now ask why we need more women at the top but instead focus their energies on achieving women in leadership positions.

He points out that the UK has achieved more with its voluntary targets than many other countries have managed in a similar timeframe, whether by mandatory quotas or voluntary measures.

### ***Next steps***

Lord Davies will step down as Chair of the Steering Group and the Group's final report recommends:

- Work should continue for a further 5 year period with an independent steering body led by a new Chair, which will support business in their efforts and monitor and report on progress
- Increasing the target to 33% women on FTSE 350 boards over the next 5 years
- Stakeholders to work together to ensure 'increasing numbers' of women are appointed as Chair, Senior Independent Director and as executive directors on FTSE 350s
- FTSE 350s to assess the gender balance on their boards and take prompt action to address any shortfall
- FTSE 350s to extend the best practice seen at board level and 'look to fundamentally improve the representation of women on the executive committee and senior-most leadership positions'
- The steering body should review these recommendations and publish more detailed comments as appropriate at the beginning of 2016

## ***Further information in the report***

The report includes

- Comparative statistics from other European countries
- Details of executive search firms which are accredited under the Enhanced Code of Conduct for supporting female board appointments in the FTSE and beyond, plus a snapshot of a survey of 34 search firms on the form future work on gender diversity should take (59% say extend 25% target to all listed companies, 52% say extend scope to executive committees)
- An assessment of the engagement of investors on gender diversity, where some 'excellent examples' have been observed but 'we are still waiting to see the investor community as a whole gather serious momentum'. A snapshot of a survey of 19 UK investors (47% say extend 25% target to all listed companies, 57% say extend scope to executive committees)
- Information on the age, nationality, educational attainment, employment background and previous board experience of women who have been appointed to FTSE boards since 2011, showing that are 'sufficiently experienced'
- A useful checklist for companies looking to improve gender balance
- Detailed analysis of FTSE progress 2011 – 2015, performance ranking of the FTSE 100, performance ranking of the FTSE 250, sector performance of the FTSE 350
- A list of key research and further reading

### ***Do the recommendations go far enough?***

The key challenge of the recommendations over the next 5 years will be at FTSE 250 level, where the position is patchy with some excellent progress, yet 15 companies still have all-male boards. To reach 33% female board membership will clearly be stretching for many of them. For FTSE 100 companies the new target is less challenging. We would have liked to have seen more differentiation for company size in the recommendations ie

- A target for the executive committee/'marzipan layer' for FTSE 100 companies
- Encouragement of listed companies below the FTSE 350 to adopt a voluntary 25% target at board level

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/471951/BIS-15-585-women-on-boards-davies-review-5-year-summary-october-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471951/BIS-15-585-women-on-boards-davies-review-5-year-summary-october-2015.pdf)

**For more information or to discuss how these issues might affect your board please contact  
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